

MONTANA PUBLIC EMPLOYEES' RETIREMENT BOARD

TITLE: ACTUARIAL EQUIVALENCE OPTION FACTOR DETERMINATION

POLICY: BOARD Admin 10

EFFECTIVE DATE: 2/14/08

- I. **POLICY AND OBJECTIVES.** The objective of this policy is to provide information on how actuarial equivalence option factors are determined for the defined benefit plans the Board administers.
- II. **APPLICABILITY.** This policy applies to all defined benefit retirement systems administered by the Board.
- III. **OPTION FACTOR DETERMINATION.** The Board uses the following mortality information and an interest rate of 8% in determining option factors for the listed defined benefit plans. "UP" refers to the "Uninsured Pensioner" mortality tables. "RR 96-7" refers to the mortality tables provided in IRS Revenue Ruling 96-7.

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**Actuarial Equivalent Option Factors
Mortality Assumptions
State of Montana**

Plan	Options Factor	GABA	Mortality	Male Members		Female Members	
				Blend	Fwd/ Back	Blend	Fwd/ Back
PERS	Single Life Annuity	3%	UP 94	40%	0	60%	-1
PERS	Single Life Annuity Non-Increasing Death Benefit	NO GABA	UP 94	75%	0	25%	-1
PERS	Service Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	55%	0	45%	-1
PERS	Disability Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	RR 96-7	67%	-1	33%	+3
PERS	Service Retirements Only 100% J&S with Pop-Up	3%	UP 94	75%	0	25%	-1
PERS	Disability Retirements Only 100% J&S with Pop-Up	3%	RR 96-7	75%	-1	25%	+3
PERS	Service Retirements Only 50% J&S with Pop-Up	3%	UP 94	67%	0	33%	-1
PERS	Disability Retirements Only 50% J&S with Pop-Up	3%	RR 96-7	75%	-1	25%	+3
JRS	Single Life Annuity Non-Increasing Death Benefit	NO GABA	UP 94	75%	0	25%	-1
JRS	Service Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	55%	0	45%	-1
JRS	Disability Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	RR 96-7	67%	-1	33%	+3
JRS	Service Retirements Only Reduction for 10 Year C&L and 20 Year C&L	NO GABA 4.5% Salary Inflation	UP 94	100%	0	0%	0
JRS	Disability Retirements Only Reduction for 10 Year C&L and 20 Year C&L	NO GABA 4.5% Salary Inflation	RR 96-7	100%	-1	0%	0
JRS	Service Retirements Only 100% J&S with Pop-Up	NO GABA 4.5% Salary Inflation	UP 94	100%	0	0%	-1
JRS	Disability Retirements Only 100% J&S with Pop-Up	NO GABA 4.5% Salary Inflation	RR 96-7	100%	-1	0%	+3
JRS	Service Retirements Only 50% J&S with Pop-Up	NO GABA 4.5% Salary Inflation	UP 94	100%	0	0%	-1
JRS	Disability Retirements Only 50% J&S with Pop-Up	NO GABA 4.5% Salary Inflation	RR 96-7	100%	-1	0%	+3
HPRS	Benefit Reduction	3%	UP 94	100%	+1	0%	0
GWRS	Service Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	100%	+1	0%	0
GWRS	Disability Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	100%	+3	0%	0
GWRS	Service Retirements Only 100% J&S with Pop-Up	3%	UP 94	100%	+1	0%	0
GWRS	Disability Retirements Only 100% J&S with Pop-Up	3%	UP 94	100%	+3	0%	+2
GWRS	Service Retirements Only 50% J&S with Pop-Up	3%	UP 94	100%	+1	0%	0
GWRS	Disability Retirements Only 50% J&S with Pop-Up	3%	UP 94	100%	+3	0%	+2
SRS	Service Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	100%	+1	0%	0
SRS	Disability Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	100%	+3	0%	0
SRS	Service Retirements Only 100% J&S with Pop-Up	3%	UP 94	100%	+1	0%	0
SRS	Disability Retirements Only 100% J&S with Pop-Up	3%	UP 94	100%	+3	0%	+2
SRS	Service Retirements Only 50% J&S with Pop-Up	3%	UP 94	100%	+1	0%	0
SRS	Disability Retirements Only 50% J&S with Pop-Up	3%	UP 94	100%	+3	0%	+2

					Annuitants			
Plan	Options Factor	GABA	Mortality	Mortality	Male		Female	
					Blend	Fwd/ Back	Blend	Fwd/ Back
PERS	Single Life Annuity	3%	UP 94	N/A				
PERS	Single Life Annuity Non-Increasing Death Benefit	NO GABA	UP 94	N/A				
PERS	Service Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	N/A				
PERS	Disability Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	RR 96-7	N/A				
PERS	Service Retirements Only 100% J&S with Pop-Up	3%	UP 94	UP 94	25%	0	75%	-1
PERS	Disability Retirements Only 100% J&S with Pop-Up	3%	RR 96-7	UP 94	25%	0	75%	-1
PERS	Service Retirements Only 50% J&S with Pop-Up	3%	UP 94	UP 94	33%	0	67%	-1
PERS	Disability Retirements Only 50% J&S with Pop-Up	3%	RR 96-7	UP 94	25%	0	75%	-1
JRS	Single Life Annuity Non-Increasing Death Benefit	NO GABA	UP 94	N/A				
JRS	Service Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	N/A				
JRS	Disability Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	RR 96-7	N/A				
JRS	Service Retirements Only Reduction for 10 Year C&L and 20 Year C&L	NO GABA 4.5% Salary Inflation	UP 94	N/A				
JRS	Disability Retirements Only Reduction for 10 Year C&L and 20 Year C&L	NO GABA 4.5% Salary Inflation	RR 96-7	N/A				
JRS	Service Retirements Only 100% J&S with Pop-Up	NO GABA 4.5% Salary Inflation	UP 94	UP 94	0%	0	100%	-1
JRS	Disability Retirements Only 100% J&S with Pop-Up	NO GABA 4.5% Salary Inflation	RR 96-7	UP 94	0%	0	100%	-1
JRS	Service Retirements Only 50% J&S with Pop-Up	NO GABA 4.5% Salary Inflation	UP 94	UP 94	0%	0	100%	-1
JRS	Disability Retirements Only 50% J&S with Pop-Up	NO GABA 4.5% Salary Inflation	RR 96-7	UP 94	0%	0	100%	-1
HPRS	Benefit Reduction	3%	UP 94	N/A				
GWRS	Service Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	N/A				
GWRS	Disability Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	N/A				
GWRS	Service Retirements Only 100% J&S with Pop-Up	3%	UP 94	UP 94	0%	0	100%	-1
GWRS	Disability Retirements Only 100% J&S with Pop-Up	3%	UP 94	UP 94	0%	0	100%	-1
GWRS	Service Retirements Only 50% J&S with Pop-Up	3%	UP 94	UP 94	0%	0	100%	-1
GWRS	Disability Retirements Only 50% J&S with Pop-Up	3%	UP 94	UP 94	0%	0	100%	-1
SRS	Service Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	N/A				
SRS	Disability Retirements Only Reduction for 10 Year C&L and 20 Year C&L	3%	UP 94	N/A				
SRS	Service Retirements Only 100% J&S with Pop-Up	3%	UP 94	UP 94	0%	0	100%	-1
SRS	Disability Retirements Only 100% J&S with Pop-Up	3%	UP 94	UP 94	0%	0	100%	-1
SRS	Service Retirements Only 50% J&S with Pop-Up	3%	UP 94	UP 94	0%	0	100%	-1
SRS	Disability Retirements Only 50% J&S with Pop-Up	3%	UP 94	UP 94	0%	0	100%	-1

IV. CROSS REFERENCE GUIDE

The following laws, rules or policies may contain provisions that might pertain to the education provided by the Board. The list should not be considered exhaustive - other policies may apply.

Article VIII, § 15, Montana Constitution
§ 19-2-403, MCA

V. HISTORY

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